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EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		✓		
2	DDCI		✓		
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
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	SUSPENSE				

Date

Remarks:

Executive Secretary

8/26/82

Date

3637 (10-81)

NO REFERRAL TO OSD. WAIVER APPLIES

P100

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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

Executive Registry
STAT
25766

August 26, 1982

MEMORANDUM FOR THE PRESIDENT

We recognize the problems posed by Congress' unjustified additions to the FY 1982 Pay Supplemental Bill. But on national security grounds, we feel we should recommend against a veto.

Mark Hatfield called yesterday to say, clearly and unemotionally, that if the Bill just passed is vetoed there will not be another -- except perhaps for a new appropriation for pay only. Other sources support that estimate. He also said that if there is a veto his Appropriations Committee would not work on any appropriations bills (none have come from the House, and Hatfield says his committee had been planning to start some appropriations bills, including Defense, in the Senate), thus requiring a Continuing Resolution.

The solutions recently worked out to meet the end-of-August military payroll will not extend to the 15 September payday. A payless September for the military would obviously have very bad effects on morale, and would breed distrust of leadership, besides presenting the world with a bizarre spectacle.

In addition, the Supplemental contains your Caribbean Basin Initiative (CBI), as it was presented by you at the Organization of American States. As distinct from military pay, which Congress may in the end support with a new appropriation, the CBI would almost certainly be lost. Those Latin American and Caribbean states which would benefit from the CBI will be shocked by a veto. They do not understand our legislative process and would question why we would veto our own program. The reaction in Jamaica, where the press has hailed congressional acceptance of the program as a great victory, is expected to be especially strong.

We agree that there are some bad parts to this bill. However, there is an alternative to a veto. You could announce that, at the soonest possible time, you would submit a recision, under the Impoundment Control Act of 1974. This is no guarantee of success in eliminating the offending programs, but it would impress again on Congress the need for fiscal restraint, and on the public that Congress is responsible for failing on that score. On balance, this course of action is preferable to the national security consequences of a veto.

Caspar W. Weinberger

George Shultz

DCI
EXEC
REG

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